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RUEAIIA/CIA WASHDC  
RUCPDOG/DEPT OF COMMERCE WASHDC  
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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 000418

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TAGS: [EAIR](#) [ECON](#) [EINV](#) [PREL](#) [CH](#) [TW](#)

SUBJECT: CROSS-STRAIT CHARTERS AND TOURISM - INDUSTRY  
AWAITS SIGNALS

REF: A. 05 TAIPEI 4210

[1](#)B. TAIPEI 8

[1](#)C. TAIPEI 382

Classified By: AIT Acting Director David Davison, Reason 1.4 d

Summary

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[1](#)1. (C) Taipei Airline Association (TAA) Chairman Tony C.C. Fan told AIT/T that he is optimistic that discussions of cross-strait cargo and weekend passenger charter flights would continue despite Chen Shui-bian's recent provocative remarks. He said that he had detected no change in attitude from either Taiwan officials or PRC interlocutors with regard to the discussions that his organization carries out on behalf of Taiwan. On February 7, Travel Agents Association of Taiwan (TAAT) Vice Chairman Yao Ta-kuang was more pessimistic and believed that there would be no broad opening of Taiwan to PRC tourism during the Chen administration. He believed that the PRC would be unwilling to proceed after Chen's announcement that he is considering abolishing the National Unification Council and Guidelines. However, after the February 8 statement by the PRC's Taiwan Affairs Office (TAO) calling for industry discussions of the initiative, Yao's attitude was somewhat more positive. AIT/T believes that the Chen administration will continue to seek progress on these initiatives, but the current prospects for progress are still unclear. End summary.

Airline Association - Few Signals, Still Hopeful  
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[1](#)2. (C) Despite Taiwan President Chen Shui-bian's January 1 call for "active management" of cross-strait economic relations and Lunar New Year announcements of possible measures that Beijing could view as provocative (refs B and C), TAA Chairman Tony C.C. Fan told AIT/T on February 8 that he is hopeful that the Chen administration will continue to support progress on informal industry discussions with the PRC on cross-strait weekend passenger and cargo charter flights. In the week and a half since the Lunar New Year holiday, Fan, who is also chairman of

TransAsia Airlines, said that he had had little contact with the Taiwan government officials that instruct his organization on how to conduct cross-Straits discussions. So far, he has been unable to detect a change in attitude. As a positive sign, he noted that an MOTC vice Minister had recently reminded him of the need to keep in touch with his PRC interlocutors.

13. (C) Fan hopes that if Chen chooses to tighten of cross-Straits economic relations, he will focus those efforts on investment policies, not charter flights or tourism discussions. Fan pointed out that public opinion polls show that 70 percent of the Taiwan public supports efforts to implement the "three links," which include direct air transportation. However, according to Fan, those polls show that only 40 percent of the public support further relaxation of investment restrictions.

14. (C) Fan appeared confident that the PRC would be willing to proceed with discussions despite Chen's remarks. He pointed out that discussions had been put off during January and early February so that the two sides could prepare for and implement the Lunar New Year charter flights, not due to fall-out from the January 1 speech. Fan reported that in recent telephone conversations with PRC interlocutors he detected no change in attitude. He underscored that these contacts are the only officially-sanctioned channel of communication between Taipei and Beijing. Fan also observed that the PRC is generally better prepared for charter flight discussions and devotes more resources to them than Taiwan.

15. (C) During the rest of his term as TAA chairman, which ends in 2008, Fan said that he hopes to implement charter

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flights and then further expand the quota of cross-Straits flights. Fan does not believe that it will be possible to achieve the following step of signing a PRC-Taiwan aviation agreement for scheduled flights, similar to the agreements Taiwan has with Hong Kong and Macau. Fan believes that Taiwan and the PRC would not be able to reach an agreement on who would sign such an agreement during the Chen administration. He observed that the Mainland Affairs Council (MAC) is only concerned by issues like what government officials will participate in discussions with the PRC; it is not interested in the concerns of business.

Travel Agents Association - Pessimistic

16. (C) Yao Ta-kuang, vice chairman of the TAAT, is more pessimistic about the prospects for cross-Straits discussions of economic initiatives after Chen's January 1 and Lunar New Year comments. In a February 7 discussion with AIT/T, Yao said that he believed that Chen's remarks on possibly eliminating the National Unification Council and Guidelines would make the PRC unwilling to proceed with discussions on opening Taiwan more broadly to PRC tourists. He speculated that there might not be any progress until the end of Chen's term as president in 2008. However, in a February 9 telephone conversation, Yao said that he felt somewhat more positive about the prospects for tourism initiative after the PRC's Taiwan Affairs Office announcement the previous day calling for cross-Straits discussions of the issue.

17. (C) In the earlier conversation, Yao said that the peak of goodwill on the tourism initiative came in October 2005 during the visit of China's National Tourism Administration (CNTA) Director General Shao Qiwei to Taiwan. Yao reported that he will participate in a delegation led by TAAT Chairman Tseng Si-hai to Harbin February 14-17 for a tourism industry conference. However, he noted that after a similar event in Xiamen last August, PRC counterparts had invited a small group including Tseng and Yao to remain in

Xiamen after the larger event for more concrete discussions on the tourism initiative. As a sign of the current more negative atmosphere, Yao reported that the PRC had not issued such an invitation to stay behind after the Harbin event.

¶18. (C) Although Yao was pessimistic about the prospects for discussions that would lead to broad opening of Taiwan to PRC tourists, he said that he believed that the PRC might proceed with smaller unilateral steps. He mentioned the PRC's decision in late 2004 to permit residents of Fujian to visit the Taiwan-controlled island of Kinmen as an example. He noted that the PRC is considering opening other areas to tourism, implying it might bypass the Taiwan initiative for the time being.

¶19. (C) According to Yao, TAAT is currently waiting for MAC to approve a new subsidiary organization that would be the officially-designated organization to engage with the PRC in cross-Straits tourism discussions. The PRC objected to discussions with TAAT because its Chinese name uses "the Republic of China" (zhonghua minguo). The new organization created by TAAT will be called the Cross-Straits Tourism Promotion Association (liangan luyou cujin xiehui) using nomenclature similar to its PRC counterpart under CNTA.

Comment - Atmosphere of Uncertainty  
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¶10. (C) The Chen administration has publicly committed itself to proceeding with industry discussions of these initiatives. AIT/T believes that despite Chen's recent rhetoric on cross-Straits relations, he is unlikely to cut-off the charter flights and tourism initiatives. However, as both industry representatives expressed, the current situation is very unclear. It is also unclear whether Chen's rhetoric will affect PRC willingness to move on issues that potentially could benefit Chen politically.

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The pre-Lunar New Year cabinet reshuffle in Taiwan has further clouded the water, though there have been no changes at the Mainland Affairs Council (MAC). After the new cabinet settles in, receives more detailed instructions, and begins to implement them in the coming weeks, we should have a clearer picture of the prospects for these initiatives. End comment.  
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